

Kentucky Agricultural Development Board

Minutes of the August 17, 2007 Board Meeting

The Kentucky Agricultural Development Board was held on **August 17, 2007** at **9:00am EDT**, at the Fair and Exposition Center in Louisville, KY. Michael Judge, presiding, called the meeting to order, and the Secretary called the roll.

Roll Call

Members Present

Donna Amburgey; H. H. Barlow; Vickie Yates Glissen; John Cleaver; Rodney Dick; Commissioner Richie Farmer (Michael Judge, designee); Dennis Griffin; Sam Lawson; Jim Mahan; Wayne Mattingly; Sam Moore; Dr. Mary Sias (Dr. Kim Holmes, designee); Dean M. Scott Smith; Secretary John Hindman (Don Goodin, designee)

Members with Excused Absences

Governor Ernie Fletcher, Wayne Hunt

Others Present

Staff - Catherine Ball, Angela Blank, Kyle Day, Cyndi Hall, Todd Harp, Tim Hughes, Christi Marksbury, Bill McCloskey, Joel Neaveill, Nicole Ray, Keith Rogers, Kylee Smith, Nick Whobrey

Guests – Larry Snell and Brent Lackey, KCARD; Anna Kindrick and Stephen Yates, KDA; Dave Maples, Kentucky Cattlemen's Association; Christina Gordley, GOPM; Ken Barr, Bill Durham, Keith Luedke, and Ken Schissler, Specialty Foods Group; Ray Bowman, Kentucky Sheep & Goat Development Office; Jimmy Henning, UK; Michael Hayes, Jerry Rickett, Gene Bundy and Edgar Davies, Kentucky Highlands Investments Corporation; Gil Myers and Roger Thacker, Bluegrass Lamb and Goat; Chris Kummer, KSG; Rick and Susan Raque, John Morris, Scott Norman, Missy Cruz, David King, Charlie Mingus, Allied Food Marketers; Phil Wiesenberger, Weisenberger Mills; Kevan Evans, Evans Orchard; Millard Long, Katelyn's Honey; Deana Moore, Ale 8-1; Phil Heiskell, Green River Cattle Company; Bill McCord, McCord Family Hydroponics; James Newman, ValuMarkets; Susie Quick, Honest Farm; Chef Gil Logan, Churchill Downs; Willis Schrock, Schrock Dairies; John Brumley, WaterWorks Farm; Terry Ashby, Perdue Farms; Larry Stettenbens, Kroger; Rod Kuegal

Notification of Media

Mr. Judge received verification from Keith L. Rogers, Chief Executive Officer, that the media had received notice regarding the Kentucky Agricultural Development Board monthly meeting.

Welcome

Mr. Judge welcomed everyone to the Kentucky Agricultural Development Board meeting.

Approval of Minutes

Donna Amburgey moved to approve the minutes of the July 20, 2007 meeting as presented, Wayne Mattingly seconded the motion. The motion passed without dissent.

Executive Director's Report

Mr. Rogers reviewed the agenda and noted a change in the order of the presentations.

Mr. Rogers noted that Representative McKee, who serves on the Tobacco Oversight Committee, had verbally requested that the ADB to reconsider the Southerland Farm application, although no formal motion was made during the committee meeting.

Mr. Rogers opened the floor to Bill McCloskey for the KAFC financial report (On file with Board Secretary).

Mr. Rogers called the attention of the Board to a memo and a flyer concerning the Farmers' Market Competitive Award Program(On file with Board Secretary). Several counties have requested that the ADB allow alternate funds to be used as match for county funds. Staff recommends amending the 2nd, 3rd and 4th bullets of the program guidelines to state that a County Agricultural Development Council must commit a minimum of \$1,000 to be eligible for state dollars; Funds provided by other county organizations shall make the project eligible for matching funds on a dollar-for-dollar basis; And that the total amount of state and county Agricultural Development Funds cannot exceed 50% of total project cost, with a \$50,000 maximum exposure to State funds. Staff also recommends suspending the September 1, 2007 deadline to allow applications to be received through the end of the 2007 calendar year. Sam Lawson moved **to approve the staff recommendation as presented**, Jim Mahan seconded the motion. The motion passed without dissent.

Mr. Rogers called upon Catherine Ball to provide an update on compliance. Ms. Ball discussed the Scott County Beef Improvement Group and Dan Moreland, and then gave a report on the Woodford County Agriculture Advancement Council.

Mr. Rogers updated the Board on the meeting of the Task Force on the Future of Agriculture that took place yesterday. The Task Force identified several items for which Agricultural Development Funds should be used.

Mr. Rogers called the attention of the Board to the Allied Food Marketers West report, the memo on the UK study, and the Summary of Accounts sheet, all of which are located in their update folders (On file with Board Secretary).

Mr. Rogers called the attention of the Board to the memo from himself to the Board regarding the recommendation for Honest Farms (On file with Board Secretary).

Mr. Rogers notified the Board of upcoming dates for 25 x '25 Kentucky Roadmap forums.

Mr. Rogers reminded the Board that the next meeting will be held on September 28th at the University of Kentucky during the Ag Roundup. The October meeting will be held in Northern Kentucky with further details to follow. Mr. Rogers asked the Board to think about the November planning meeting.

Mr. Rogers notified the Board that the ribbon cutting ceremony for the Owensboro Grain biodiesel processing facility will be held on August 29th at 10am CDT.

Presentations

Agritourism Update

Stephen Yates, Director of Agritourism for the Kentucky Department of Agriculture gave an update on the ADB/KDA Agritourism Grant and referenced the Kentucky Agritourism Market Survey from 2005 (On file with Board Secretary).

Allied Food Marketers

Rick Raque gave a presentation on the progress made by Allied Food Marketers and the Kentucky Proud program, and provided an Annual Report for 2007 (On file with Board Secretary).

Old Business

Kentucky Specialty Grains

Chris Kummer with Kentucky Specialty Grains presented a letter to the ADB announcing the withdrawal of their application (On file with Board Secretary).

New Business

Referral of September Projects¹

Mr. Rogers presented projects A2007-0312 to A2007-0362 for referral to the Board's September 21, 2007 meeting for review. Rodney Dick moved that **projects A2007-0312 to A2007-0362 be referred for September 28, 2007 review**; Jim Mahan seconded the motion. The motion passed without dissent.

Approval of Model Programs²

Mr. Judge submitted projects requesting funds for county model programs. John Cleaver moved that **said applications be approved for the named model programs**; Sam Moore seconded the motion. The motion passed without dissent.

Requested Amendments³

Mr. Rogers presented five requested amendments for approval. Wayne Mattingly moved that **said amendments be approved**; Rodney Dick seconded the motion. The motion passed without dissent.

Catherine Ball presented a memo on a recommendation regarding Siemer Milling Company (On file with Board Secretary). Staff recommends amending the agreement to allow the excess forgiveness earned and reported to GOAP from 2004, 2005 and 2006 to be applied to the 2007 payment. Staff further recommends allowing forgiveness earned and reported to be cumulative to future payments beginning in 2008. Sam Lawson moved to approve **the staff recommendation as presented**, Jim Mahan seconded the motion. The motion passed without dissent.

Todd Harp presented an amendment for A2005-0260 regarding Hope Ridge Farms. Hope Ridge Farms requests a modification to their forgiveness calculation by being allowed to purchase from any reliable processor that purchases Kentucky hogs. John Cleaver **moved to approve the amendment as presented**, Jim Mahan seconded the motion. The motion passed without dissent.

Todd Harp presented an amendment for A2007-0041 regarding Elliott County Fiscal Court. The Elliott County Fiscal Court was approved to administer the Cervid Pilot project but will no longer be able to do so. The Elliott County Conservation District has agreed to administer the project under the same guidelines established by the original project. Sam Moore **moved to approve the amendment as presented**, Jim Mahan seconded the motion. The motion passed without dissent.

¹ A detailed list of the referred projects is attached as Appendix A.

² A detailed list of projects funded under each model program category is attached as Appendix B.

³ A detailed list of requested amendments approved is attached as Appendix C.

Kyle Day presented an amendment for A2007-0342 regarding Allen County Conservation District. An amendment was approved at the July 20, 2007 meeting for A2006-0325. The request was for an additional \$83,757 for the Hay, Straw and Commodity Storage program. The request should have been presented as a new application because there was a change in administrators. The new application number for this program is A2007-0342 and staff recommends funding. H.H. Barlow **moved to approve the amendment as presented**, Don Goodin seconded the motion. The motion passed without dissent.

Kyle Day presented an amendment for A2006-0414 regarding the Caldwell-Lyon County Cattleman's Association. The Caldwell-Lyon County Cattleman's Association is requesting an additional \$2,500 of County funds for their Heifer Replacement Program. Rodney Dick **moved to approve the amendment as presented**, Donna Amburgey seconded the motion. The motion passed without dissent.

Catherine Ball presented a memo regarding A2007-0225 and A2007-0226. The Mason County Livestock Association decided not to administer the menu programs that were approved for these projects. The Mason County Council requested that these projects be withdrawn so that they may proceed with two new applications for which the Buffalo Trace Area Development District will be the administrator. No action is required by the Board.

Recommendations for Funding

Nick Whobrey presented A2007-0261, **Bluegrass Lamb and Goat, LLC**. Bluegrass Lamb and Goat, LLC requests \$200,000 in State funds, \$5,000 in Garrard County funds and \$5,000 in Owsley County funds for purchasing a slaughtering facility and equipment. Mr. Whobrey reviewed the proposed terms and conditions for the project.

Sam Moore moved that **A2007-0261 be approved for \$210,000 in State and County funds**; Jim Mahan seconded the motion. Dennis Griffin **moved to amend the motion that the project not be an on-site composting facility**; H.H. Barlow seconded the motion. The motion and amendment passed without dissent.

Christi Marksbury presented A2007-0065, **Honest Farm, Inc.** Honest Farm, Inc. requests \$1,800 in State funds, \$1,000 in Franklin County funds for assisting in the distribution of product. Ms. Marksbury reviewed the proposed terms and conditions for the project.

Rodney Dick moved that **A2007-0065 be approved for \$2,800 in State and County funds**; Don Goodin seconded the motion. Sam Lawson moved to **amend the request to be funded in the amount of \$13,300 in state funds and \$1,000 in Franklin County funds** for purchase of equipment to be used for distribution, Dean Smith seconded the motion. The amendment failed. The Board proceeded to vote on the original motion. The motion passed with dissent from Sam Lawson.

Dennis Griffin moved to **form a committee to study distribution and retail** and report back to the Board, Wayne Mattingly seconded the motion. The motion passed with dissent from Sam Lawson .

Christi Marksbury presented A2007-0154, **Scott County Beef Improvement Association, Inc.** Scott County Beef Improvement Association, Inc. requests \$94,025 in Scott County funds

to continue the hay handling program. Ms. Marksbury reviewed the proposed terms and conditions for the project.

Jim Mahan moved that **A2007-0154 be approved for \$94,025 in Scott County funds**; John Cleaver seconded the motion. The motion passed without dissent.

Kyle Day presented A2007-0237, **Southern KY Regional Farmers' Market, Inc.** Southern KY Regional Farmers' Market, Inc. requests \$2,500 in Warren County funds for the 2007 marketing and promotion budget. Mr. Day reviewed the proposed terms and conditions for the project.

Wayne Mattingly moved that **A2007-0237 be approved for \$2,500 in Warren County funds**; Donna Amburgey seconded the motion. The motion passed without dissent.

Kyle Day presented A2007-0302, **Caldwell County High School.** Caldwell County High School requests \$4,000 in Caldwell County funds to administer an alternative fuels study. Mr. Day reviewed the proposed terms and conditions for the project.

Dr. Holmes moved that **A2007-0302 be approved for \$4,000 in Caldwell County funds**; Mr. Lawson seconded the motion. The motion passed with dissent from Rodney Dick, John Cleaver and Dean Smith.

Kyle Day presented A2007-0312, **Ohio County Cattlemen's Association.** Ohio County Cattlemen's Association requests \$45,669 in Ohio County funds to administer a menu approach program. Mr. Day reviewed the proposed terms and conditions for the project.

John Cleaver moved that **A2007-0312 be approved for \$45,669 in Ohio County funds**; Dean Smith seconded the motion. The motion passed without dissent.

Christi Marksbury presented A2007-0315, **Campbell County Conservation District.** Campbell County Conservation District requests \$4,120 in Campbell County funds to administer a forage equipment program. Ms. Marksbury reviewed the proposed terms and conditions for the project.

Rodney Dick moved that **A2007-0315 be approved for \$4,120 in Campbell County funds**. Donna Amburgey seconded the motion. The motion passed without dissent.

Christi Marksbury presented A2007-0325, **University of Louisville Research Foundation.** University of Louisville Research Foundation requests \$19,953 in KCADE funds to create a strategic plan. Ms. Marksbury reviewed the proposed terms and conditions for the project.

Dean Smith moved that **A2007-0325 be approved for \$19,953 in KCADE funds**. Dr. Holmes seconded the motion. The motion passed without dissent. Vickie Yates Glissen abstained from voting.

Kyle Day presented A2007-0341, **Butler County Stockman's Association, Inc.** Butler County Stockman's Association, Inc. requests \$68,344 in Butler County funds to administer a menu approach program with four model programs.

Dean Smith moved that **A2007-0341 be approved for \$68,344 in Butler County funds.** John Cleaver seconded the motion. The motion passed without dissent.

Todd Harp presented A2007-0346, **Buffalo Trace Area Development District.** Buffalo Trace Area Development District requests \$150,000 in Mason County funds to administer a menu approach program with five model programs.

John Cleaver moved that **A2007-0346 be approved for \$150,000 in Mason County funds.** Dean Smith seconded the motion. The motion passed without dissent.

Todd Harp presented A2007-0353, **Buffalo Trace Area Development District.** Buffalo Trace Area Development District requests \$118,000 in Mason County funds to administer a menu approach program with three model programs.

John Cleaver moved that **A2007-0353 be approved for \$118,000 in Mason County funds.** Dean Smith seconded the motion. The motion passed without dissent.

Recommendations for No Funding

There are no recommendations for no funding this month.

Recommendations for Pending Funding

The following applications were discussed, but no action was taken: Fulton County Conservation District (A2007-0268); City of Morgantown (A2007-0303).

Recommendations for Deferred

Nick Whobrey presented A2007-0180, **Kentucky Highlands Investment Corporation.** Kentucky Highlands Investment Corporation requests \$500,000 in State funds to create a revolving loan fund for farmers in a 15-county area of Southeastern Kentucky who will be working with a farm product as an alternative to tobacco.

Mr. Whobrey called on Jerry Rickett, Michael Hayes, Edgar Davis and Gene Bundy of Kentucky Highlands Investment Corporation to answer any of the Board's questions. They provided a presentation to the Board on the Kentucky Highlands Investment Corporation (On file with Board Secretary).

Kyle Day presented A2007-0301, **Specialty Foods Group, Inc.** Specialty Foods Group, Inc. (SFG) requests \$150,000 in County funds and \$5,328,000 in State funds to expand their Owensboro facility.

Mr. Day called on Keith Luedke, Ken Barr, Ken Schissler and Bill Durham of SFG to answer any of the Board's questions. They provided a presentation to the Board on SFG products, facilities and finances (On file with Board Secretary).

Wayne Mattingly called upon Rod Kegal to discuss the profitability of this operation for Kentucky farmers.

Dean Smith moved that the Board **adjourn to Closed Session pursuant to KRS 61.810** at 4:46pm to discuss specifics of this proposal that if discussed in open session would jeopardize the expansion and upgrade of this business. Jim Mahan seconded the motion. The motion passed without dissent.

Jim Mahan moved to **come out of Closed Session** at 5:02pm, John Cleaver seconded the motion. The motion passed without dissent.

Other Business

Closing Remarks

The next meeting of the Kentucky Agricultural Development Board will convene at 1:30 pm on Friday, September 28, 2007 at the University of Kentucky during the Ag RoundUp in Lexington, KY. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

Dean Smith moved to adjourn the meeting, Rodney Dick seconded the motion. The motion passed without dissent. The meeting adjourned at 5:06pm EDT.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____

Appendix A: New Applications for Referral

App #	Applicant	Request Type
A2007-0312	Ohio County Cattlemen's Association, Inc.	Project
A2007-0336	Mountain Cattlemen's Association	Project
A2007-0337	Jessamine County Beef Cattle Association, Inc.	Farm Livestock Fencing Improvement
A2007-0338	Jessamine County Beef Cattle Association, Inc.	Cattle Genetics Improvement
A2007-0339	Jessamine County Vineyard Association, Inc.	Agricultural Diversification
A2007-0340	Jessamine County Beef Cattle Association, Inc.	Cattle Handling Facilities
A2007-0341	Butler County Stockman's Association, Inc	Project
A2007-0342	Allen County Conservation District	Hay, Straw, & Commodity Storage
A2007-0343	Horseshoe Bend Mushrooms	Project
A2007-0344	Muhlenberg County Cattlemen's Association, Inc.	Forage Improvement & Utilization
A2007-0345	Garrard County Farm Bureau, Inc.	Project
A2007-0346	Buffalo Trace Area Development District	Project
A2007-0347	Scott County Soil Conservation District	Shared-use Equipment
A2007-0348	Louisville Clean Energy, LLC	Project
A2007-0349	Joshua Inc. DBA A Taste of Kentucky	Project
A2007-0350	Buffalo Trace Area Development District	Project
A2007-0351	Mercer County 4-H Council, Incorporated	Project
A2007-0352	Mercer County Cooperative Extension	Project
A2007-0353	Buffalo Trace Area Development District	Project
A2007-0354	Water Works Farm, Inc.	Project
A2007-0355	Nicholas County Fiscal Court	Cattle Genetics Improvement
A2007-0356	Nicholas County Fiscal Court	Agricultural Diversification

Appendix A: New Applications for Referral

App #	Applicant	Request Type
A2007-0357	Nicholas County Fiscal Court	Hay, Straw, & Commodity Storage
A2007-0358	Nicholas County Fiscal Court	On-farm Water Enhancement
A2007-0359	Nicholas County Fiscal Court	Forage Improvement & Utilization
A2007-0360	Nicholas County Fiscal Court	Farm Livestock Fencing Improvement
A2007-0361	Nicholas County Fiscal Court	Cattle Handling Facilities
A2007-0362	Nicholas County Fiscal Court	Dairy Diversification

Appendix B: Model Programs Recommended for Approval

Agricultural Diversification

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2007-0339	Jessamine County Vineyard Association, Inc.	Jessamine	\$10,000.00
A2007-0356	Nicholas County Fiscal Court	Nicholas	\$40,000.00
			\$50,000.00

Cattle Genetics Improvement

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2007-0338	Jessamine County Beef Cattle Association, Inc.	Jessamine	\$30,000.00
A2007-0355	Nicholas County Fiscal Court	Nicholas	\$25,000.00
			\$55,000.00

Cattle Handling Facilities

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2007-0340	Jessamine County Beef Cattle Association, Inc.	Jessamine	\$35,000.00
A2007-0361	Nicholas County Fiscal Court	Nicholas	\$50,000.00
			\$85,000.00

Dairy Diversification

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2007-0362	Nicholas County Fiscal Court	Nicholas	\$10,000.00
			\$10,000.00

Farm Livestock Fencing Improvement

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2007-0337	Jessamine County Beef Cattle Association, Inc.	Jessamine	\$65,000.00
A2007-0360	Nicholas County Fiscal Court	Nicholas	\$125,000.00
			\$190,000.00

Forage Improvement & Utilization

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2007-0344	Muhlenberg County Cattlemen's Association, Inc.	Muhlenberg	\$75,756.00
A2007-0359	Nicholas County Fiscal Court	Nicholas	\$75,000.00
			\$150,756.00

Appendix B: Model Programs Recommended for Approval

Hay, Straw, & Commodity Storage

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2007-0342	Allen County Conservation District	Allen	\$83,757.00
A2007-0357	Nicholas County Fiscal Court	Nicholas	\$54,000.00
			\$137,757.00

On-farm Water Enhancement

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2007-0358	Nicholas County Fiscal Court	Nicholas	\$15,000.00
			\$15,000.00

Shared-use Equipment

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2007-0347	Scott County Soil Conservation District	Scott	\$10,150.00
			\$10,150.00

Total County Funds Recommended for Approval in Model Programs: **\$703,663.00**

Appendix C: Requested Amendments-Projects & Programs

App #	A2007-0229
Applicant Name	Mercer County Conservation District
Amount Approved	\$10,000
Date	June 15, 2007
Requested Change	The applicant requests an <u>additional</u> \$16,609 for the <i>Forage Improvement and Utilization</i> Program. The request received a <u>high</u> priority from the Mercer County Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program total to \$26,609.
Recommendation	Approval
App #	A2006-0495
Applicant Name	Jessamine County Conservation District
Amount Approved	\$35,000
Date	January 19, 2007
Requested Change	The applicant requests an <u>additional</u> \$29,000 for the <i>Forage Improvement and Utilization</i> Program. The request received a <u>high</u> priority from the Jessamine County Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program total to \$64,000.
Recommendation	Approval
App #	A2006-0046
Applicant Name	Grayson County Cattlemen's Association, Inc.
Amount Approved	\$204,000
Date	March 17, 2006
Requested Change	The applicant requests an <u>additional</u> \$18,000 for the <i>Hay, Straw & Commodity Storage</i> Program. The request received a <u>high</u> priority from the Grayson County Council. The term of the program shall remain 18-months from the execution date of the original agreement. Approval of this request would bring the program total to \$222,000.
Recommendation	Approval
App #	A2007-0046
Applicant Name	Grayson County Cattlemen's Association, Inc.
Amount Approved	\$50,000
Date	March 16, 2007
Requested Change	The applicant requests an <u>additional</u> \$12,000 for the <i>Cattle Genetics Improvement</i> Program. The request received a <u>high</u> priority from the Grayson County Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program total to \$62,000.
Recommendation	Approval

Appendix C: Requested Amendments-Projects & Programs

App #	A2007-0012
Applicant Name	Harrison County Beef Cattle Association, Inc.
Amount Approved	\$50,000
Date	February 16, 2007
Requested Change	The applicant requests an <u>additional</u> \$150,000 for the <i>Hay, Straw & Commodity Storage</i> Program. The request received a <u>high</u> priority from the Harrison County Council. The term of the program shall remain 18-months from the execution date of the original agreement. Approval of this request would bring the program total to \$200,000.
Recommendation	Approval
